

TYNESIDE CINEMA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

TYNESIDE CINEMA

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	L Armstrong (resigned 31 st October 2020) S Kyffin (resigned 31 st October 2020) N Shottel (resigned 9 th December 2020) E McIntyre (resigned 13 th July 2020) C Binns M Such R Carmichael S Bratch J Wade J Shepstone (appointed 20 th January 2021) J Beirne (appointed 1 st September 2021)
Charity number	502592
Company number	01113101
Registered office	Newe House 10 Pilgrim Street Newcastle upon Tyne NE1 6QG
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Bankers	HSBC Bank plc 110 Grey Street Newcastle upon Tyne NE1 6JG
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF
Key management personnel	
Chief executive officer	H Keeble (resigned 24 th September 2020) S Drysdale (appointed 18 th November 2020)
Head of finance and administration	N Morgan (appointed 12 th October 2020)

TYNESIDE CINEMA

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

Tyneside Cinema is a cultural venue and social hub that aims to enrich people's lives through film. As the only full-time independent cinema in the North East, we play a vital part in Newcastle's creative economy, currently employing around 75 people across the charity and trading company with all profits reinvested in support of our charitable objectives.

Our vision is to be the most welcoming, most exciting, most relevant and most successful independent creative cinema in the UK. Our mission is for people to be inspired, entertained and transformed by watching and making film. We value all aspects of film and its potential to connect, celebrate, educate, entertain, and make sense of our lives and the experiences of others.

Our heritage is evident in our 1930's Art Deco building, housing the last surviving newsreel theatre still showing films. Our more recent history as a ground-breaking independent cinema started in 1968 when the British Film Institute funded the reopening of the venue as the Tyneside Film Theatre, and continued through the 70's, 80's and 90's with a succession of inspiring and highly respected Directors and Programmers. Between 2008 and 2015 the scale and profile of the cinema was developed through the addition of new screens, and substantial retail catering, creating the opportunity for a more versatile programme and more guests.

Three aims underpin how we plan to deliver on our vision:

1. Maintain and develop our broad range of innovative, distinctive and high-quality activities

Tyneside Cinema is committed to achieving excellence, and this begins with our cultural programme spanning Film Programme, Artists' Moving Image, Learning and Participation in film making. We place a strong focus on achieving the highest quality in our curated film programmes through the new work we produce and the learning and participation opportunities we create. We identify opportunities throughout the year for these strands to come together to create rich points of cross-over, thematically and artistically.

2. Maximise our resources and effectiveness, and strengthen our resilience and sustainability

To deliver financial resilience into the future we will continue to strengthen our earned income streams and increase the net profit of trading activities. Other areas of Tyneside Cinema make a significant contribution to turnover and profitability through hires, events and sales of cinema concessions. We will continue to grow our profitability to re-invest in our programme and marketing, to ensure the future of our historic building and reach our targets for reserves.

3. Grow and diversify our audiences and users, and enhance our value to the local area

We will build on and expand our cultural and social role by continuing to use our building in the most versatile way and by making what we do accessible to as many people as possible. We will make sure we are known and used by the broadest possible range of people. Our brand will be synonymous with film and a warm welcome for everyone.

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Programme Areas

In the financial year 2020/2021 the Cinema remained closed due to the Covid pandemic. We were unable to open in the periods between lockdowns due to a flood that caused widespread damage. We were also rebuilding the staff team following a programme of redundancy and in the light of an independent report published in October 2020 on governance and management failings in the organisation. As a result, the only cultural activity delivered was the New Creatives project through the Learning team. A brief outline of the programme of work we would aim to deliver when operating properly is given below and forms the basis of how we are operating now we are again open and at the time of writing this report.

Film Programme

Our film programming from the UK and around the world aims to be engaging, enriching and diverse, encompassing new releases, classics, curated major seasons and live events. It combines independent and mainstream film of wide-ranging genres, recognising that our strength lies in providing breadth and access for all.

We continue to expand the numbers of non-first-run films to bolster our cultural and financial resilience and contextualise our programmes wherever possible through Q&As and discussions, involving industry professionals and community partners. We are open in our approach and welcome opportunities for collaborative programming, whether that be with guest curators, academic partners or our audiences.

Artist Film

Our primary focus is to commission and produce new work, primarily for cinema audiences. Artists' moving image and performance work is a regular feature of the in-cinema programme. Additionally, we create opportunities for developing artists' practice, playing to our strengths in production and exhibition, and increasing our profile and reputation, locally, nationally and internationally.

Learning and Participation & Talent Development

Learning about, and participation in, film making is fundamental to what we do. Our in-house team of practising film makers and artists has created a range of workshops for young people between the ages of 8 and 24 that complements work done in the classroom. From modern foreign language workshops and study days to curriculum film-making workshops, our sessions and facilities build skills and confidence for the future.

Our learning and participation programme falls into two areas: the activities we deliver for schools and colleges and the programmes we deliver for the public, from short film schools in the holidays, to industry-focused, in-depth academies. This ladder of opportunity is designed to develop confidence, creativity and skills. Young people leave our programmes with a deeper understanding of, and appreciation for, independent film culture, and some go on to pursue a career in the industry.

Film Heritage

Our Film Heritage programme includes screening of repertory film classics, retrospectives, archive films and daily archive newsreels, the interpretation of our historic cinema by exhibition of historic objects and physical information in the venue, and free guided tours hosted by a team of dedicated, knowledgeable volunteer guides.

STRATEGIC REPORT

Achievements and Performance

The charitable company's policies in the pursuit of its objectives are kept under regular review. The board of trustees considers the activities of the company during the year to be satisfactory. The funds and resources are used entirely for its main objective. The movements in funds are described in the Statement of Financial Activities on page 11.

As mentioned above, the Cinema closed in March 2020 due to the Covid-19 lockdown and was unable to reopen until August 2021. Consequently, there was minimal trading income in the financial year 2020/2021 and the only output of the organisation was in delivering the New Creatives project.

New Creatives

New Creatives is a talent development initiative funded by Arts Council England and the BBC, shaped to support the creative and professional development of artists aged 16 to 30 from across the North of England and to help widen access to the creative industries.

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Between April 2020 and March 2021, we supported 60 artists to develop and produce new work in film, audio or interactive with the support of mentors working online. 99% of artists said New Creatives gave them learning that will help them beyond the programme. 97% of artists said the work they made for New Creatives was different from their previous work. 67% said it was more ambitious and 59% made it for different platforms. 66% said New Creatives encouraged them to be more innovative.

The work is distributed by the BBC and independently by the artists, reaching an estimated audience of over 500k. The interactive production 'To Miss the Ending' was invited to screen at a number of prestigious international festivals, including Sundance Film Festival, DOK Leipzig, BFI London Film Festival.

Achievements: an account of how have addressed the challenges of; Covid19; premises issues; rebuilding a business in response to the failings of the past

The year 2020/2021 was a year of enormous challenge to all cultural institutions. Enforced closure due to Covid19 meant the group was unable to generate trading income and the future of Tyneside Cinema was in the balance. In addition to the issues faced by other organisations we needed to put right the governance, management and organisational culture failings detailed in an independent review of the charity.

As a response to lockdown, the loss of income and the uncertainty of what lay ahead, staff numbers were reduced by half through a redundancy programme. This left a skeletal staff structure that would be able to reopen the cinema and could be built upon as funds and income became available.

The cinema reopened in August 2021. During the sixteen months of closure the organisation was able to review and reset its operating model with the aims of delivering cultural and community benefit underpinned by a resilient commercial plan that will support the long-term future of the cinema. The length of closure was due to a combination of factors including pandemic lockdowns, working to deliver the recommendations of the independent review and a flood that rendered the premises unusable for several months.

An interim CEO was appointed in November 2020 to reshape the organisation, develop new working practices and organisational culture, and plan for a sustainable future. As part of this work a new management structure was created to support the proper functioning of the cinema. New roles at senior leadership level include Head of Finance, Head of Trading, Head of Operations and People Manager, while other functions and responsibilities were rearranged to create roles of Head of Film and Head of Learning. Further developments in staff structure were made across the organisation. The new structure means there is a clear focus in the organisation on people, film, commercial ability and operational expertise.

Work was carried out with stakeholders including British Film Institute, Arts Council England, National Heritage Lottery Fund and BBC to ensure the cinema resolved issues that had previously affected funding agreements. This work was collaborative and transparent and the cinema is grateful for the guidance and support received during this period. All funding agreements have since been reinstated with, in some cases, additional reporting requirements.

Progress in implementing the recommendations of the independent review was, and continues to be, communicated to the public via regular updates on the cinema website and written reports to stakeholders.

A major programme of training and reintroduction was created for returning and new staff and delivered in 2021 before opening. Central to this work was a focus on organisational culture, values and behaviours. This has been supported by a comprehensive review of policies and procedures, also begun in the financial year ending 31 March 2021 and expanded on throughout the year. Our new people strategy has already resulted in positive change including: accreditation as a real living wage employer; improved pay for more than half of our staff team; no zero-hours contracts and enhanced benefits such as 50% off food in our café.

The cinema has been the beneficiary of various government awards of financial support, in particular through the Culture Recovery Fund and the Coronavirus Job Retention Scheme. In addition to making up for no earned income, these awards have repleted reserves and supported essential work around building maintenance and staff development, putting the organisation in a good position for recovery now Covid19 restrictions have been lifted.

A recruitment campaign to attract new trustees generated over forty high-quality applications and this summer resulted in the appointment of an experienced new chair of the board. Further trustees will be recruited in the next few months to bolster the skills and performance of the board.

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Financial review

The COVID-19 pandemic has had a significant impact on the charity's financial position. The cinema and associated food and drink venues were closed for the entire financial year, resulting in a significant decline in core income. The majority of the charity's income in the current financial year related to various COVID grants. Although the charity took proactive action to reduce its cost base, the consolidated balance sheet on page 12 shows a reduction in unrestricted income funds of £293,385. At the year end, total funds of the group amount to £2,228,064 however the majority is not freely available because the balance is invested in fixed assets or has a restriction for other purposes.

The closure of our venue has impacted the dynamics of our income split which is now 17% earned and 83% public subsidy for the year 2020/2021 (2019/2020 82% and 18% respectively).

The charity obtained loans under the Coronavirus Business Interruption Loan Scheme totalling £595,000, which enabled it to end the financial year with cash balances of £322,627.

The wholly owned subsidiary Tyneside Cinema Trading Co. Ltd. was unable to trade for the financial year, resulting in a loss of £285,691 (2020 profit of £14,268).

Pricing policy

Although our venues were closed for the entire financial year, our pricing policy remains unchanged and reflects our aim of engaging more, and more diverse, people in our programme. We run heritage tours and newsreel screenings which are free, alongside our gallery offering an opportunity for the public to view at no charge.

Concessions are provided for those receiving income support, people in full-time education, young people aged 16 and under, senior citizens, disabled people, and Active Newcastle Card holders. Other offers include family tickets and Young Tyneside cards.

Reserves policy

The funds of the group as at 31st March 2021 were £2,231,635, of which £2,547,482 were restricted, with a consequent deficit on unrestricted funds of £315,847. Unrestricted funds includes designated funds of £154,900 and fixed assets of £823,175. Consequently free unrestricted funds are in deficit by £1,293,922.

The trustees regularly review the reserve levels to ensure that they are appropriate. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have agreed a policy that the charity should aim to hold a level of unrestricted reserves (namely those not held for a specific purpose) of £275,000. The trustees believe that this level of reserves is the minimum necessary to ensure the financial sustainability of the charity, given the uncertainty in both amount and timing of much of our income. In addition, the charity recognises that holding £100,000 in cash would be appropriate to ensure the secure financial running of the business during the quieter first half of the financial year.

Subsequent to the year end, the cinema was successful in further applications for emergency grant funding from the Arts Council of England's Cultural Recovery Fund and this, together with various other COVID-related grant awards, means that the cinema's reserve position has been substantially strengthened and as at the date of signing of this report, unrestricted reserves are positive.

Given the disruption caused by the COVID pandemic, the trustees are satisfied with the charity's progress in building its reserves.

Investment policy and powers

Under the memorandum and articles of association, the charity has the power to invest in any way the trustees wish.

Fundraising

All fundraising is carried out with the full oversight of the Trustees. Tyneside Cinema strives to provide an excellent service to all of our supporters and any complaints are dealt with by our service team.

Tyneside Cinema prides itself on a high standard and we continually review how we contact the public to ask for support. This ensures we follow regulations, meet our own high standard, and exceed the public expectation.

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

We take responsibility towards supporters who may be considered vulnerable very seriously. Our fundraising and customer service teams are trained to respond sensitively and appropriately to any individual they may consider to be vulnerable.

There was no third-party fundraising and no complaints in the year.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Plans for the future

The cinema is open again and audiences and guests have returned. Attendances are lower than pre-pandemic figures but in line with other UK cinemas. Our plan for the future is to build our audiences, business skills and our resilience. We have a highly competent management team and a dedicated, confident staff. On this basis we are building our business to ensure we achieve maximum revenue, margins and cultural value for our beneficiaries.

We will continue to develop the role and contribution of our board of trustees, linking them more closely with our senior leadership team to develop strategy and plans. We will continue to embed the recommendations of the independent review into our everyday practice, and we aim to be recognised as an exemplary employer.

Tyneside Cinema is a unique organisation that is vital to the cultural landscape of Newcastle and the North East. Through film, learning and hospitality we will continue to serve our audiences and guests as a world-class independent cinema.

Structure, governance and management

The charity is a company limited by guarantee (incorporated 10 May 1973) and as such is governed by its memorandum and articles of association, last amended by special resolution dated 30 July 2014. It is registered as a charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

L Armstrong	(Resigned 31st October 2020)
S Kyffin	(Resigned 31st October 2020)
N Shottel	(Resigned 9 th December 2020)
E McIntyre	(Resigned 13 th July 2020)
C Binns	
M Such	
R Carmichael	
S Bratch	(Appointed 29 January 2020)
J Wade	(Appointed 29 January 2020)
J Shepstone	(Appointed 20 January 2021)

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Method of recruitment and appointment or election of trustees

The directors of the company are also trustees of the charity. They are unpaid and give their time freely and generously, bringing to bear significant skills to support the staff.

Term of office: trustees serve a maximum of two consecutive terms of three years each and the board meet four times per year.

Recruitment of trustees: the board has a fixed tenure for membership to ensure that the board is refreshed. It recruits new members through open advertising in its printed and online publicity. Applicants are shortlisted and are interviewed by the chair and vice chair of the board.

Policies and procedures adopted for the induction and training of trustees

New trustees are inducted by the chair of the board and the chief executive. They are given a tour of the cinema, a written induction pack which includes the charity's business plan and governing documents, and a copy of the staff handbook which details all of the charity's operational policies. All trustees attend a formal session which discusses in detail the role and responsibilities of trustees.

Organisational structure

A chief executive is appointed by the board to manage the day-to-day operations of the charity. The full board meets four times per year. Detailed written board reports and an agenda are prepared by the senior managers of the charity and circulated in advance of meetings. Board meetings are attended by the chief executive and senior leadership team.

Board decisions are made by simple majority vote.

The board also welcomes observers from its major stakeholders, Newcastle City Council, British Film Institute and Arts Council England.

Outside of these meetings, all trustees are invited to attend informal 'contact group' meetings with the heads of department on a voluntary basis. These meetings enable managers and trustees to stay in touch and build trustees understanding of the charity by allowing discussion and reflection in depth on particular aspects of the charity's work.

There is a standing group for Audit, Risk and Finance which consists of four trustees and meets every two months. Other sub-groups are formed to assist on specific and time-limited projects.

Tyneside Cinema is part of the Newcastle Gateshead Cultural Venues (NGCV) group. NGCV is a voluntary partnership of 10 organisations running 20 venues, archives and heritage sites in Tyne & Wear. There are quarterly meetings of functional areas, all organisations work together to share learning and information in order to maximise sustainability, as well as maximising social, cultural and economic impact.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting pay and remuneration of key management personnel is consistent with all staff at the charity.

All trustees give their time freely; none of the trustees receive remuneration or any other type of benefit from their work with the charity. Details of related party transactions are disclosed in note 31.

TYNESIDE CINEMA

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Trading company

A wholly owned subsidiary trading company operates the Tyneside Bar and Café, Vicolo and Coffee Rooms situated on the ground and first floors of the cinema building. The building lease and some assets of the trading company are owned by the charity. The company shares the mission of the charity. Its aim is to provide a significant contributed income stream to support the charitable activities.

Related parties and other connected charities and organisations

The charity has a longstanding relationship with its key stakeholder Newcastle City Council. Newcastle City Council regards the cinema as one of the city's key cultural assets.

The charity has continued to fulfil its remit as a revenue funded client of Arts Council England as part of its 'National Portfolio'.

The charity owns the entire share capital of the trading subsidiary Tyneside Cinema Trading Co. Ltd. as described previously. The trading company has a licence to operate in the spaces it occupies which are leased to the cinema on a long term lease by the head landlords. Some of the assets utilised by the trading company are also all owned by the cinema, and a fair charge, based on floor space occupied, made for their use. All surpluses generated by the trading company will be gift aided to the Tyneside Cinema in furtherance of its charitable aims.

The charity works in partnership with charities, colleges, schools and other regional organisations to enhance the delivery and reach of its objectives.

J Wade, one of the charity's trustees, was employed by Muckle LLP, the charity's solicitor, during the current financial year. The charity paid Muckle LLP £59,122 during the year for the provision of legal services, all of which were charged at normal commercial rates.

M Such, one of the charity's trustees, is Chief Executive Officer of Curtis Gabriel, a digital marketing agency. Curtis Gabriel charged the charity £10,000 during the year for marketing and communications advice, all of which was charged at normal commercial rates.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

The trustees' report was approved by the Board of Trustees.



J Beirne
Trustee

Dated: 24th November 2021

TYNESIDE CINEMA

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of Tyneside Cinema for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNESIDE CINEMA

Opinion on financial statements

We have audited the financial statements of Tyneside Cinema (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNESIDE CINEMA

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNESIDE CINEMA

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and reviewing income transactions around the year end to consider if it is recorded in the correct period.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

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TYNESIDE CINEMA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<u>Income from:</u>					
Donations and legacies	3	812,361	343,024	1,155,385	872,984
Charitable activities	4	376,733	-	376,733	2,046,721
Other trading activities	5	5,503	-	5,503	1,996,932
Investments	6	-	-	-	83
Coronavirus Job Retention Scheme	7	742,219	-	742,219	-
Total income		1,936,816	343,024	2,279,840	4,916,720
<u>Expenditure on:</u>					
Raising funds	8	994,357	-	994,357	1,685,318
Charitable activities	9	1,235,844	748,641	1,984,485	3,622,450
Total charitable expenditure		2,230,201	748,641	2,978,842	5,307,768
Taxation	11	(3,571)	-	(3,571)	2,561
Total resources expended		2,226,630	748,641	2,975,271	5,310,329
Net (Outgoing) resources before transfers		(289,814)	(405,617)	(695,431)	(393,609)
Transfer between funds		-	-	-	-
Net movement in funds		(289,814)	(405,617)	(695,431)	(393,609)
Total funds brought forward		(26,033)	2,953,099	2,927,066	3,320,675
Total funds carried forward		(315,847)	2,547,482	2,231,635	2,927,066

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

TYNESIDE CINEMA

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13	47,713		43,090	
Tangible assets	14	3,370,657		3,866,264	
Investments	15	10,000		10,000	
			3,428,370		3,919,354
Current assets					
Stocks	16	12,413		14,234	
Debtors	17	259,839		136,678	
Cash at bank and in hand		322,627		273,200	
		594,879		424,112	
Creditors: amounts falling due within one year	18	(846,856)		(930,900)	
Net current liabilities			(251,977)		(506,788)
Total assets less current liabilities			3,176,393		3,412,566
Creditors: amounts falling due after more than one year	19		(944,534)		(485,276)
Provisions for liabilities			(224)		(224)
Net assets			2,231,635		2,927,066
Income funds					
Restricted funds	24	2,547,482		2,953,099	
Unrestricted funds		(315,847)		(26,033)	
			2,231,635		2,927,066

The financial statements were approved by the Trustees on 24th November 2021



J Beirne
Chair

TYNESIDE CINEMA BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		47,713		43,090
Tangible assets	14		3,352,100		3,837,696
Investments	15		10,001		10,001
			<u>3,409,814</u>		<u>3,890,787</u>
Current assets					
Stocks	16	0		4,676	
Debtors	17	343,583		87,202	
Cash at bank and in hand		302,439		194,409	
		<u>646,022</u>		<u>286,287</u>	
Creditors: amounts falling due within one year	18	(711,844)		(772,780)	
Net current liabilities			<u>(65,822)</u>		<u>(486,493)</u>
Total assets less current liabilities			3,343,992		3,404,294
Creditors: amounts falling due after more than one year	19		(838,284)		(485,276)
Net assets			<u>2,505,708</u>		<u>2,919,018</u>
Income funds					
Restricted funds	24		2,547,482		2,953,099
Unrestricted funds			(41,774)		(34,081)
			<u>2,505,708</u>		<u>2,919,018</u>

As permitted by section 408 of the Companies Act 2006, the statement of financial activities of the parent company is not presented as part of these accounts. The parent company's total income resources for the financial year amounted to £1,921,207 (2020: £3,280,012) and the net movement in funds for the financial year amounted to a deficit of £413,310 (2020: £333,159).

The financial statements were approved by the Trustees on 24th November 2021



J Beirne
Trustee

TYNESIDE CINEMA

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from	25		(496,532)		139,504
Investing activities					
Purchase of intangible assets		(21,817)		(34,260)	
Purchase of tangible fixed assets		(5,070)		(16,329)	
Interest received		-		83	
Net cash used in investing activities			(26,887)		(50,506)
Financing activities					
Repayment of borrowings		(89,154)		(145,560)	
Proceeds of new bank loans		662,000			
Net cash generated from/(used in) financing activities			572,846		(145,560)
Net increase/(decrease) in cash and cash equivalents			49,427		(56,562)
Cash and cash equivalents at beginning of year			273,200		329,762
Cash and cash equivalents at end of year			322,627		273,200

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Tyneside Cinema is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Newe House, 10 Pilgrim Street, Newcastle upon Tyne, NE1 6QG.

Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charity has therefore taken the exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flows and related notes and disclosures.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern, despite the net current liabilities and negative unrestricted funds. Budgets and cash flow forecasts have been prepared to November 2022 taking into consideration monies received from the Cultural Recovery Fund. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate overall resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking, Tyneside Cinema Trading Co. Ltd. (formerly TC Bar Cafe Co. Ltd.), a company incorporated in England and Wales, on a line by line basis. All financial statements are made up to 31 March 2021, and consistent accounting policies are used.

A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Charitable funds

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the charity at the discretion of the trustees.

Restricted funds are funds that can only be used for particular activities within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Incoming resources

All incoming resources are recognised when the charity has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Grant income is receivable from various funders. This is recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability. Grant income includes income from the government's Coronavirus job retention scheme.

Income from charitable activities also includes cinema tickets purchased and income from the hire of facilities, and the income is recognised in the period in which it is receivable.

Income received from the charitable company's sole subsidiary is included within other trading activities income, and is included in the period in which the income is receivable.

Donations

Donations are received by way of grants, donations, and gifts and are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Other income

Income from charitable activities also includes the letting of non-investment property to the trading subsidiary, in furtherance from the charity's objects. Rental income is included in the financial statements in the period in which it is receivable.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. In prior years all support costs were allocated against Charitable activities. However the presentation in note 10 better represents the true allocation of support costs within the charity. Support costs are now allocated between Raising Funds and Charitable Activities.

Expenditure on raising funds

This includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

These are costs incurred by the charity in the delivery of its activities and services for its beneficiaries, and include both the direct costs and support costs relating to these activities and an apportionment of support and governance costs.

Certain expenditure is directly attributable to specific activities and has been included in these categories. Certain other support costs, which are attributable to more than one activity, are apportioned across costs categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life and shall be amortised on a systematic basis over its life.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs	3 - 5 years straight line
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Tangible fixed assets

Assets costing £100 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their estimated useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Cinema technical equipment	10 - 33% straight line
Fixtures and fittings	20 - 33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments, impairment losses are recognised in the Statement of Financial Activities.

Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in income and expenditure.

In the consolidated accounts fixed asset investments held in the form of shares are included at cost.

Realised gains and losses on investments are calculated as difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the year of disposal.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

All of the charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not resolved at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Operating lease agreements

The group as a lessee:

The charity classifies the leases of properties as operating leases. Rental charges are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

The group as a lessor:

Rental income from assets leased under operating leases are recognised on a straight line basis over the term of the lease.

2 Critical accounting estimates and judgements

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the charity as lessees, or the lessee, where the charity is a lessor.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
General donations	75,077	-	75,077	98,949
Grants received	737,284	343,024	1,080,308	774,035
	<u>812,361</u>	<u>343,024</u>	<u>1,155,385</u>	<u>872,984</u>
For the year ended 31 March 2020	<u>314,926</u>	<u>558,058</u>		<u>872,984</u>

Tyneside Cinema has an established team of volunteers who offer their time across both the trading company and the charity. In accordance with FRS 102 and the Charities SORP, the economic contributions of general volunteers are not recognised in the accounts. The current headcount is in the region of 9 volunteers. During the cinema's closure we have remained engaged with them and we intend that they will recommence working side by side with paid staff to support them to fulfil their duties. Volunteers are a valued resource to the organisation and we recognise their commitment and value.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

	2021 Unrestricted £	2020 Unrestricted £
Cinema activities	(6,727)	1,248,537
Food and drink sales	(195)	175,798
Facilities hire	262,106	347,590
Rental income	-	-
Advertising	583	69,022
Memberships	112,441	155,005
Commission	7,807	40,690
Other	718	10,079
	<u>376,733</u>	<u>2,046,721</u>

5 Other trading activities

	2021 Unrestricted £	2020 Unrestricted £
Sponsorship	288	15,781
Food and drink sales	5,215	1,981,151
	<u>5,503</u>	<u>1,996,932</u>

6 Investments

	2021 Unrestricted £	2020 Unrestricted £
Bank deposit investment income	-	83
	<u>-</u>	<u>83</u>

7 Coronavirus Job Retention Scheme

	2021 Unrestricted £	2020 Unrestricted £
Government Coronavirus Job Retention Scheme grant income	742,219	-
	<u>742,219</u>	<u>-</u>

There are no unfulfilled conditions relating to the Coronavirus job retention scheme income.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Raising funds

	2021 Unrestricted £	2020 Unrestricted £
Other fundraising costs	12,326	885,279
Staff costs	562,928	787,642
Depreciation	10,012	12,397
	<u>585,266</u>	<u>1,685,318</u>
Allocation of Support Costs	409,091	-
Raising funds	<u>994,357</u>	<u>1,685,318</u>

9 Charitable activities

	2021 £	2020 £
Staff costs	1,073,461	1,429,889
Premises costs	2,981	39,304
Other costs	130,906	823,538
	<u>1,207,348</u>	<u>2,292,731</u>
Allocation of Support Costs (see note 10)	777,137	1,329,719
	<u>1,984,485</u>	<u>3,622,450</u>
Analysis by fund		
Unrestricted funds	1,235,844	2,658,775
Restricted funds	748,641	963,675
	<u>1,984,485</u>	<u>3,622,450</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Support costs

	Raising Funds	Charitable Activities	2021	2020	Basis of allocation
	£	£	£	£	
Depreciation and amortisation	174,837	333,022	507,859	514,197	Staff time
Operating lease charges	30,817	58,699	89,516	123,118	Staff time
Premises costs	73,545	140,085	213,630	431,970	Staff time
Other costs	40,904	77,914	118,818	212,345	Staff time
Audit fees	5,000	9,250	14,250	14,250	Governance
Accountancy	950	-	950	950	Governance
Governance costs	83,038	158,167	241,205	32,889	Governance
	<u>409,091</u>	<u>777,137</u>	<u>1,186,228</u>	<u>1,329,719</u>	

Governance costs includes payments to the auditors of £14,250 (2020: £14,250) for audit fees. This is split as £9,250 for the charity and £5,000 for the subsidiary.

In prior years all support costs were allocated against Charitable activities. However the presentation above better represents the true allocation of support costs within the charity.

All expenditure was unrestricted for both 2020 and 2021.

11 Taxation

	2021	2020
	£	£
Corporation Tax	(3,571)	3,571
Deferred tax	-	(1,010)
	<u>(3,571)</u>	<u>2,561</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Employees

Number of employees

The average number of persons employed by the group during the year was as follows:

	2021	2020
	Number	Number
Charitable activities and raising funds	89	129
Management and administration	6	6
	<u>95</u>	<u>135</u>

The average number of persons employed by the charity during the year was as follows:

	2021	2020
	Number	Number
Charitable activities and raising funds	55	76
Management and administration	5	6
	<u>60</u>	<u>82</u>

Employment costs	2021	2020
	£	£
Wages and salaries	1,395,127	2,034,019
Social security costs	100,241	147,254
Other pension costs	24,217	36,258
	<u>1,519,585</u>	<u>2,217,531</u>
Staff restructuring costs	92,143	-
Staff development and other staff costs	24,661	51,262
	<u>1,636,389</u>	<u>2,268,793</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Employees (Continued)

Non statutory/non contractual staff severance payments

There was a non-contractual severance payment totalling £6,458 (2020: £0).

Key management personnel

Neither the trustees nor any other persons connected with them have received any remuneration, either in the current or the prior year.

The key management personnel are stated on the legal and administrative information page. The total employment benefits in the year, including employer pension contributions of £1,919 (2020: £768) were £125,369 (2020: £79,409).

There were no trustee expenses reimbursed during the year (2020: £nil).

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
£60,001 - £70,000	2	1

Pension contributions paid in the year in respect of the above staff were £1,422 (2019: £658).

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Intangible fixed assets

Group	Goodwill £	Website costs £	Total £
Cost			
At 1 April 2020	21,750	63,345	85,095
Additions	-	21,817	21,817
At 31 March 2021	21,750	85,162	106,912
Amortisation and impairment			
At 1 April 2020	21,750	20,255	42,005
Amortisation charged for the year	-	17,194	17,194
At 31 March 2021	21,750	37,449	59,199
Carrying amount			
At 31 March 2021	-	47,713	47,713
At 31 March 2020	-	43,090	43,090
Charity		Website £	Total £
Cost			
At 1 April 2020		63,345	63,345
Additions		21,817	21,817
At 31 March 2021		85,162	85,162
Amortisation and impairment			
At 1 April 2020		20,255	20,255
Amortisation charged for the year		17,194	17,194
At 31 March 2021		37,449	37,449
Carrying amount			
At 31 March 2021		47,713	47,713
At 31 March 2020		43,090	43,090

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Tangible fixed assets

Group	Leasehold land and buildings	Cinema technical equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2020	8,063,786	1,422,673	237,146	9,723,605
Additions	-	2,061	3,009	5,070
At 31 March 2021	8,063,786	1,424,734	240,155	9,728,675
Depreciation and impairment				
At 1 April 2020	4,598,856	1,028,424	230,061	5,857,341
Depreciation charged in the year	437,952	54,862	7,863	500,677
At 31 March 2021	5,036,808	1,083,286	237,924	6,358,018
Carrying amount				
At 31 March 2021	3,026,978	341,448	2,231	3,370,657
At 31 March 2020	3,464,930	394,249	7,085	3,866,264

Charity	Leasehold land and buildings	Cinema technical equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2020	8,063,786	1,376,045	223,661	9,663,492
Additions	-	2,061	3,009	5,070
At 31 March 2021	8,063,786	1,378,106	226,670	9,668,562
Depreciation and impairment				
At 1 April 2020	4,599,050	1,003,085	223,661	5,825,796
Depreciation charged in the year	437,759	52,441	466	490,666
At 31 March 2021	5,036,809	1,055,526	224,127	6,316,462
Carrying amount				
At 31 March 2021	3,026,977	322,580	2,543	3,352,100
At 31 March 2020	3,464,736	372,960	-	3,837,696

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Fixed asset investments

Group	Art exhibition £
Cost or valuation	
At 1 April 2020 & 31 March 2021	10,000
Carrying amount	
At 31 March 2021	10,000
At 31 March 2020	10,000

Subsidiary

In addition to the art exhibition, the company owns the entire £1 share capital of Tyneside Cinema Trading Co. Ltd (company number 08804734), which is incorporated in the United Kingdom.

A summary of the trading results is shown below:

	2021 £	2020 £
Summary Statement of Comprehensive Income		
Turnover	8,964	1,992,974
COS	(631)	(561,169)
	8,333	1,431,805
Administrative expenses	(703,692)	(1,395,974)
Other operating income	409,668	
(Loss)/Profit before tax	(285,691)	35,831
Interest payable and similar expenses	-	(19,002)
Profit before taxation	(285,691)	16,829
Taxation	4,935	(2,561)
Net (loss)/profit	(280,756)	14,268

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
		£	£
The assets and liabilities of the subsidiary were:			
Fixed assets		18,556	28,568
Current assets		54,515	191,934
Creditors: amounts falling due within one year		(240,669)	(212,230)
Creditors: amounts falling due after more than one year		(106,250)	
Deferred tax		(2,529)	(3,893)
Total net assets		(276,377)	4,379
Aggregated share capital and reserves		(276,377)	4,379

16	Stocks	Group	2020	Charity	2020
		2021		2021	
		£	£	£	£
	Finished goods and goods for resale	12,413	14,234	-	4,676
		12,413	14,234	-	4,676

17	Debtors	Group	2020	Charity	2020
		2021		2021	
		£	£	£	£
Amounts falling due within one year:					
	Trade debtors	19,171	54,129	14,964	30,225
	Other debtors	175	-	175	-
	Prepayments and accrued income	236,922	82,549	222,786	56,977
	Other group undertakings	-	-	105,658	-
	Corporation tax receivable	3,571	-	-	-
		259,839	136,678	343,583	87,202

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
Bank loans	20	175,276	61,687	156,526	61,687
Trade creditors		220,769	216,451	209,938	190,307
Amounts due to fellow group undertakings		-	-	-	54,109
Other taxation and social security		76,488	164,002	18,384	74,616
Corporation tax payable		-	3,571		
Other creditors		14,545	36,303	14,545	36,303
Accruals		156,008	214,637	123,020	167,914
Deferred income	21	203,770	234,249	189,431	187,844
		<u>846,856</u>	<u>930,900</u>	<u>711,844</u>	<u>772,780</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
Bank loans	20	550,417	485,276	444,167	485,276
Other loans		394,117	-	394,117	-
		<u>944,534</u>	<u>485,276</u>	<u>838,284</u>	<u>485,276</u>

20 Borrowings

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Bank loans	662,000	546,963	537,000	546,963
Other loans	457,810	-	457,810	-
	<u>1,119,810</u>	<u>546,963</u>	<u>994,810</u>	<u>546,963</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Borrowings (continued)

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Payable within one year				
Bank loans	111,584	61,687	92,833	61,687
Other loans	63,692	-	63,692	-
Payable after one year				
Bank loans	550,417	485,276	444,167	485,276
Other loans	394,117	-	394,117	-
Amounts included above which fall due after five years:				
Payable by instalments				
Bank loans	29,750	162,115	23,500	162,115
Other loans	115,296	-	115,296	-

Various loans are held with HSBC and Newcastle City Council. Two loans with HSBC were due for repayment in May 2021 and August 2021 with interest rates of 3.8% and 4.3% respectively. At the end of March 2021 these loans were repaid and a new loan for £67k was agreed at an interest rate of 3.8% over base rate and due for repayment March 2023.

Two further loans with HSBC under the Coronavirus Business Interruption Loan Scheme were taken out in July 2020 totalling £595,000. Repayment of these loans is over 5 years starting August 2021. Interest rates are 3.99% over the Bank of England base rate.

The loans with Newcastle City Council are due for repayment April 2027 with interest rates of 4.87% and 3.43% respectively over the Bank of England base rate. The loans are secured on the leasehold property. Subsequent to the year end, further payment holidays were agreed with both lenders as a result of the COVID pandemic.

21 Deferred Income

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Balance as at 1 April	234,249	133,534	234,249	133,534
Released from previous years	(219,249)	(133,534)	(219,249)	(133,534)
Resources deferred in the year	188,770	234,249	174,431	234,249
Balance carried forward at 31 March	203,770	234,249	189,431	234,249

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Provisions for liabilities

	2021 £	2020 £
Deferred tax liabilities	224	224
	<u>224</u>	<u>224</u>

23 Analysis of charitable funds

For the year ended 31 March 2021:

Group	Movement in funds				Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	
Unrestricted funds					
General funds	(26,033)	1,936,816	(2,226,630)	(154,900)	(470,747)
Designated funds	-	-	-	154,900	154,900
	<u>(26,033)</u>	<u>1,936,816</u>	<u>(2,226,630)</u>	<u>-</u>	<u>(315,847)</u>
Restricted funds					
Capital development	2,953,099	-	(405,617)	-	2,547,482
Arts Council	-	126,562	(126,562)	-	-
Project grants	-	216,462	(216,462)	-	-
	<u>2,953,099</u>	<u>343,024</u>	<u>(748,641)</u>	<u>-</u>	<u>2,547,482</u>
Total funds	<u>2,927,066</u>	<u>2,279,840</u>	<u>(2,975,271)</u>	<u>-</u>	<u>2,231,635</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Analysis of charitable funds (continued)

For the year ended 31 March 2021:

Charity	Balance at 1 April 2020 £	Movement in funds			Balance at 31 March 2021 £
		Incoming resources £	Resources expended £	Transfers £	
Unrestricted funds					
General funds	(34,081)	1,578,183	(1,585,876)	(154,900)	(196,674)
Designated funds	-	-	-	154,900	154,900
	(34,081)	1,578,183	(1,585,876)	-	(41,774)
Restricted funds					
Capital development	2,953,099	-	(405,617)	-	2,547,482
Arts Council	-	126,562	(126,562)	-	-
Project grants	-	216,462	(216,462)	-	-
	2,953,099	343,024	(748,641)	-	2,547,482
Total funds	2,919,018	1,921,207	(2,334,517)	-	2,505,708

The specific purposes for which the funds are to be applied are as follows:

General reserves - the general reserves represent the free funds of the charity which are not designated for any particular purpose.

Restricted funds:

Arts Council - revenue funding to support the digital and creative media arts programme at the Tyneside Cinema.

Capital Development fund - for the refurbishment and modernisation of Tyneside Cinema.

A grant was received from Art Council England's Cultural Recovery Fund. A condition of this grant was that part of this fund was to be used to reflate the charity's reserves and therefore the trustees agreed that a designated fund of £154,900 would be created for this purpose.

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Analysis of charitable funds (continued)

For the year ended 31 March 2020:

Group	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
Unrestricted funds					
General funds	(55,087)	4,358,662	(4,346,654)	17,046	(26,033)
	(55,087)	4,358,662	(4,346,654)	17,046	(26,033)
Restricted funds					
Capital development	3,358,716	-	(405,617)	-	2,953,099
Arts Council	17,046	124,271	(124,271)	(17,046)	-
Project grants	-	433,787	(433,787)	-	-
	3,375,762	558,058	(963,675)	(17,046)	2,953,099
Total funds	3,320,675	4,916,720	(5,310,329)	-	2,927,066

For the year ended 31 March 2020:

Charity	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
Unrestricted funds					
General funds	(123,585)	2,721,954	(2,649,496)	17,046	(34,081)
	(123,585)	2,721,954	(2,649,496)	17,046	(34,081)
Restricted funds					
Capital development	3,358,716	-	(405,617)	-	2,953,099
Arts Council	17,046	124,271	(124,271)	(17,046)	-
Project grants	-	433,787	(433,787)	-	-
	3,375,762	558,058	(963,675)	(17,046)	2,953,099
Total funds	3,252,177	3,280,012	(3,613,171)	-	2,919,018

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Analysis of net assets between funds

	Unrestricted	Restricted General	Total
	£	£	£
Fund balances at 31 March 2021 are represented by:			
Intangible fixed assets	47,713	-	47,713
Tangible assets	823,175	2,547,482	3,370,657
Investments	10,000	-	10,000
Current (liabilities)	(251,977)	-	(251,977)
Long term liabilities	(944,534)	-	(944,534)
Provisions	(224)	-	(224)
	<u>(315,847)</u>	<u>2,547,482</u>	<u>2,231,635</u>

	Unrestricted	Restricted General	Total
	£	£	£
Fund balances at 31 March 2020 are represented by:			
Intangible fixed assets	43,090	-	43,090
Tangible assets	913,165	2,953,099	3,866,264
Investments	10,000	-	10,000
Current assets/(liabilities)	(506,788)	-	(506,788)
Long term liabilities	(485,276)	-	(485,276)
Provisions	(224)	-	(224)
	<u>(26,033)</u>	<u>2,953,099</u>	<u>2,927,066</u>

25 Cash generated from operations

	2021 £	2020 £
Deficit for the year	(695,431)	(393,609)
Adjustments for:		
Investment income recognised in statement of financial activities	-	(83)
Deferred Taxation	-	2,561
Amortisation of intangible fixed assets	17,194	9,030
Impairment losses	-	-
Depreciation of tangible fixed assets	500,677	517,564
Movements in working capital:		
Decrease/(increase) in stocks	1,821	14,812
(Decrease)/increase in debtors	(123,161)	96,132
(Decrease)/increase in creditors	(163,583)	(207,617)
(Increase)/decrease in deferred income	(30,479)	100,715
Corporation taxation paid	(3,571)	
Cash generated from operations	<u>(496,533)</u>	<u>139,504</u>

TYNESIDE CINEMA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

26 Operating lease commitments

Lessee

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	144,126	121,788
Between two and five years	449,937	217,074
In over five years	358,323	937
	<u>952,386</u>	<u>339,799</u>

27 Financial commitments, guarantees and contingent liabilities

Grants receivable from the European Regional Development Fund, Arts Council England, BFI and Heritage Lottery Fund are repayable if the charity fails to keep to the terms of the agreement with the grant funders, undergoes a significant change in status, ceases to operate or is declared insolvent within the period to 2028 for the European Regional Development Fund and 2031 for the Heritage Lottery Fund. The restricted funds relating to these grants are shown in note 24. Annual depreciation regarding the property is being charged annually against the restricted funds.

The agreement with Heritage Lottery Fund is secured by legal charges over the leasehold property at 10 Pilgrim Street, Newcastle upon Tyne.

28 Legal status of the charity

The charity is a charity limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

29 Taxation

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation or Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

30 Related party transactions

The charity has taken the exemption contained within FRS 102 for disclosing transactions with its wholly owned subsidiary as consolidated financial statements are prepared.

J Wade, one of the charity's trustees, was employed by Muckle LLP, the charity's solicitor, during the current financial year. The charity paid Muckle LLP £59,122 during the year for the provision of legal services, all of which were charged at normal commercial rates.

M Such, one of the charity's trustees, is Chief Executive Officer of Curtis Gabriel, a digital marketing agency. Curtis Gabriel charged the charity £10,000 during the year for marketing and communications advice, all of which was charged at normal commercial rates.